

Providing Solutions To Industrial Bulk Packaging



39th Annual Report 2009-10



KANPUR PLASTIPACK LIMITED
A STAR EXPORT HOUSE

ना जायते म्रियते वा कदाचिन्नायं भूत्या भविता वा न भूयः।
अजो नित्यः शाश्वतोऽयं पुराणो न हन्यते हन्यमानो शरीरे॥२०॥

- श्रीमद्भगवद्गीता - द्वितीय अध्याय



Smt. Santosh Agarwal, Promotor Director

(3rd March, 1934 - 31st May, 2010)

We will remember you as a gracious soul, large hearted individual and miss your inspirational leadership. You were truly a KARAM YOGI.

Kanpur Plastipack family is indebted to her guiding spirit which will remain embedded in our hearts.

BOARD OF DIRECTORS

Shri MAHESH SWARUP AGARWAL, *Executive Chairman*

Shri MANOJ AGARWAL, *Managing Director*

Shri ASHOK KUMAR BHATNAGAR, *Executive Director*

Shri SHASHANK AGARWAL, *Director (Technical)*

Shri SOUBHAGYA MAL JAIN

Shri PRADEEP KUMAR GOENKA

Dr. GYANESH NARAYAN MATHUR

Dr. JAGAN NATH GUPTA

COMPANY SECRETARY

Shri ANKUR SRIVASTAVA

AUDITORS

PANDEY & COMPANY

Chartered Accountants

KANPUR

CORPORATE LAW ADVISORS

ADESH TANDON & ASSOCIATES

Company Secretaries

KANPUR

BANKERS

STATE BANK OF INDIA

REGISTRAR AND SHARE TRANSFER AGENT

SKYLINE FINANCIAL SERVICES PVT. LTD.

D-153/A, 1ST FLOOR,

OKHLA INDUSTRIAL AREA, PHASE-I,

NEW DELHI-110 020

REGISTERED OFFICE

D-19-20, PANKI INDUSTRIAL AREA,

KANPUR-208 022

UNITS

1. D-19-20, PANKI INDUSTRIAL AREA, KANPUR
2. A-1, A-2, UDYOG KUNJ, SITE V, KANPUR
3. D-6, PANKI INDUSTRIAL AREA, SITE-II, KANPUR

NOTICE

Notice is hereby given that the THIRTY NINTH ANNUAL GENERAL MEETING OF KANPUR PLASTIPACK LIMITED will be held at its Registered Office at D-19-20, Panki Industrial Area, Kanpur – 208 022 on Tuesday, the 21st day of September, 2010 at 1:00 P.M. to transact the following businesses :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss account of the Company for the year ended 31st March, 2010 and Balance Sheet as at that date together with the Reports of Auditors and Directors thereon;
2. To consider declaration of Dividend;
3. To appoint a Director in place of Dr. G. N. Mathur, who retires by rotation and is eligible for re-appointment;
4. To appoint a Director in place of Shri S. M. Jain, who retires by rotation and is eligible for re-appointment;
5. To appoint Auditors to hold office from the conclusion of ensuing Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and if thought fit to pass with or without modification(s) the following resolution as Special Resolution :

“RESOVLED THAT subject to the provisions of Section 198, 269 & 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, if any, the consent of the Company be and is hereby accorded to the appointment of Shri Shashank Agarwal as Director (Technical) for 3 years w.e.f. 05/06/2010 on the following terms and conditions :-

I. Remuneration : Rs. 30,000/- – Rs. 5,000/- – Rs. 40,000/- per month

II. Self Development Allowance : Rs. 10,000/- per month.

III. Perquisites : Perquisites shall be allowed in addition to salary as under. However, these shall be restricted to an amount equal to the annual salary, subject to an overall ceiling as mentioned herein-after :-

Category - ‘A’

i) House Rent Allowance :

House Rent Allowance shall be 30% of salary. The Company shall provide such furniture and furnishing as may be required by the Director (Technical). Further the expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962.

ii) Medical Reimbursement :

Reimbursement of actual medical expenses incurred for self and family in India and/or abroad including hospitalization, subject to a ceiling of one month’s salary in a year or three months’ salary over a period of 3 years.

iii) Leave Travel Concession :

For self and family once in a year to any place in India or abroad subject to ceiling of one month’s salary.

iv) Club Fees :

Fees of club subject to maximum of two clubs. No admission and life membership fee will be paid.

v) Personal Accident Insurance :

Personal Accident Insurance of an amount, the annual premium of which shall not exceed Rs. 12,000/-.

Category – ‘B’

- i) Company’s contribution towards Provident Fund as per the Rules of the Company but not exceeding limits as prescribed under the Government regulations from time to time.
- ii) Company’s contribution towards Superannuation Fund as per the rules of the Company, but it shall not together with the Company’s contribution to Provident Fund, exceed 25% of the salary. Contribution to Provident Fund and Superannuation Fund not be included in computation of the ceiling on perquisites to the extent these, either singly or put together are not taxable under the Income Tax Act, 1961.
- iii) Gratuity as per the rules of the Company, but shall not exceed half month’s salary for each completed year of service.
- iv) Encashment of leave at the end of tenure of service will not be included in the computation of the ceiling on perquisites.
- v) He will not be entitled to any sitting fees for attending the meeting of the Board of Directors or Committees thereof.

Category – ‘C’

- i) He will be entitled to free use of Company’s Car with driver for official as well as personal purpose.
- ii) The Company shall provide him mobile phone and telephone, and other communication facilities at residence and these will not be considered as perquisites.”

“RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the remuneration payable to Shri Shashank Agarwal, by way of salary, allowances and perquisites, shall not exceed the maximum limits as prescribed under schedule XIII of the Companies Act, 1956.”

“RESOLVED FURTHER THAT Shri M.S. Agarwal, Executive Chairman, Shri Manoj Agarwal, Managing Director and Shri Ankur Srivastava, Company Secretary be and are hereby jointly and / or severally authorised to do all such acts, deeds and things as may be expedient, desirable and necessary to give effect to the above resolution.”

7. To consider and if thought fit, to pass, with or without modifications the following resolution as Ordinary Resolution :

“RESOLVED THAT pursuant to the provisions of Section 94(1)(e), 94(1)(a), 95 and other applicable provision(s) of the Companies Act, 1956, if any, the un-issued Authorized Equity Share Capital of the Company to the extent of Rs. 2,00,00,000/- (Two Crores Only) divided into 20,00,000 (Twenty Lacs) Equity Shares of Rs. 10/- each be re-classified as Preference Share Capital by way of cancellation of the said Authorized Equity Share Capital and creation in lieu thereof the Preference Share Capital of Rs. 2,00,00,000/- (Two Crores Only) divided into 20,00,000 (Twenty Lacs) Preference Shares of Rs. 10/- each, without altering the overall Authorised Capital of Rs. 10,00,00,000/- (Rupees Ten Crores Only).”

RESOLVED FURTHER THAT, Clause V of Memorandum of Association of the Company be substituted as under :-

“The Share Capital of the Company is Rs. 10,00,00,000/- (Rupees Ten Crores Only) divided into 80,00,000 (Eighty Lacs) equity shares of Rs. 10/- (Rupees Ten) each and 20,00,000 (Twenty Lacs) Preference Shares of Rs.10 (Rupees Ten) each with power to increase or reduce the capital and to divide and subdivide the shares into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions, as may be determined by or in accordance with the Articles of Association of the Company for the

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time being and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 1956, or as provided by the Articles of Association of the Company for the time being.”

“RESOLVED FURTHER THAT Shri M. S. Agarwal, Executive Chairman, Shri Manoj Agarwal, Managing Director and Shri Ankur Srivastava, Company Secretary be and are hereby jointly and / or severally authorized to do all such acts, deeds, matters and things as may be necessary, expedient and desirable to give effect to above resolution.”

8. To consider and if thought fit, to pass, with or without modification(s) the following resolution as Ordinary Resolution :

“RESOLVED THAT pursuant to the provisions of Section 80, Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and Article No. 10 of the Articles of Association, the consent of the Company be and is hereby given for issuance of Preference Shares of Rs. 2,00,00,000/- (Rupees Two Crores Only) divided into 20,00,000 (Twenty Lacs) Preference Shares of Rs. 10/- (Rupees Ten) each to the promoter group and / or such other person(s) / body(ies) corporate whether being a member or not, and on such terms and conditions including coupon rate and redemption and the terms of redemption etc. and at such rate as may be decided by the Board of Directors.”

“RESOLVED FURTHER THAT Shri M. S. Agarwal, Executive Chairman, Shri Manoj Agarwal, Managing Director and Shri Ankur Srivastava, Company Secretary be and are hereby jointly and / or severally authorized to do all such acts, deeds, matters and things as may be necessary, expedient and desirable to give effect to above resolution.”

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 15/09/2010 to 21/09/2010 (both days inclusive). The entitlement to dividend on shares, if declared, will be determined on the basis of names registered as such in the Register of Members of the Company after giving effect to the valid share transfers in physical form lodged with the Company on or before 14/09/2010 and the beneficial owners as per the Beneficiary List at the close of the business hours on 14/09/2010 provided by NSDL and CDSL.
4. The members are hereby informed that the Company would transfer the dividends, which remain unpaid over a period of 7 years, to the Investor Education and Protection Fund (IEPF) constituted under Section 205C of the Companies Act, 1956. It is pertinent to mention that no claim of investors shall lie against IEPF.

The details of unpaid dividend are as follows :-

S. No.	Dividend Year	Unpaid Balance as on 31/03/2010
1.	2004-05	Rs. 2,68,771.00
2.	2005-06	Rs. 2,16,508.20
3.	2006-07	Rs. 3,43,164.00
4.	2007-08	Rs. 3,44,944.00
5.	2008-09	Rs. 2,17,936.80

Investors are advised to send all unencashed dividend warrants pertaining to the years 2004-05, 2005-06, 2006-07, 2007-08 & 2008-09 to the Company for revalidation.

5. Members who have multiple folios with identical order of names are requested to intimate to the Company those folios to enable the Company to consolidate all shareholdings into one folio.
6. Members having any query relating to this Annual Report are requested to send their queries to Registered Office of the Company at least 7 days before the date scheduled for Annual General Meeting.
7. Members who hold shares in physical form are requested to intimate to the Company Bank mandate under the signature of Sole/first named joint shareholder specifying Bank's name, Name and Address (with PIN No.) of the Branch, Account Type - Saving (SA) or Current (CA) and Account No.
8. In case of physical transfer or transmission of shares, copy of PAN Card of the transferee is mandatory.
9. Investors holding shares in physical form are advised to opt for Electronic Clearing System (ECS) to avail fast and safe remittance of dividend. Photocopy of a leaf of your Cheque book bearing your Account Number may also be sent along with mandate.
10. Members are requested to notify promptly changes in their address quoting their Registered Folio Nos. to the Company at its Registered Office.
11. As per the provisions of the Companies Act, 1956, facility for making nomination is available to the Shareholders in respect of shares held by them. The nomination can be made by filing the prescribed Form No. 9B. Nomination forms may also be requisitioned from the Company.
12. Investors who have not yet dematerialised their physical holding in the Company are advised to avail the facility of dematerialisation.
13. Members / Proxies are requested to bring attendance slip duly filled along with their copies of Annual Report in the meeting.
14. All material documents are open for inspection by the members on all working days at the Registered Office of the Company till the conclusion of the Annual General Meeting.
15. Details of Directors as required under Clause 49 of the Listing Agreement with the Stock Exchange seeking re-appointment at the forthcoming Annual General Meeting are as under :

Dr. G. N. Mathur and Shri S.M. Jain are Directors retiring by rotation and are eligible for re-appointment.

- a) Dr. G. N. Mathur, aged 65 years, is Bachelor of Science (B.Sc.) in Chemical Engineering from Banaras Hindu University, M.Tech. from IIT Kanpur, M.A.Sc (Chem. Engg.), University of Windsor, Windsor, Canada and Ph.D. in Engineering from University of Detroit, Detroit, USA. He is having 33 years of diversified academic and industrial experience in various prestigious organisations. Presently, he is engaged in research work in a project titled "Nano Technology and Polymers". He provides technical support as and when needed. In view of his knowledge and experience, the Board proposes to re-appoint him in the Board of the Company.
- b) Shri S. M. Jain, aged 72 years, is M.Com, ICWA and a retired top executive having served as Finance Director, MD and CMD of Various PSUs. He is able administrator and always provides valuable guidance and advice to the Company. In view of his knowledge and experience, the Board proposes to re-appoint him in the Board of the Company.

By Order of the Board of Directors
For KANPUR PLASTIPACK LTD.

Place : Kanpur

Date : 30th July, 2010

ANKUR SRIVASTAVA
Company Secretary

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 6 :-

Shri Shashank Agarwal graduated from the University of Nottingham, UK obtaining the degree in B. Engg. (Hons.) (Manufacturing Engineering & Operations Management). He has also done a summer course at the London School of Economics on "Business Development and ICT Innovation". He has been serving your Company since 08/06/2009 as Manager (Technical Services) on a monthly remuneration which is less than Rs. 20,000/- per month. During his tenure, he has brought various improvements in the production and marketing strategies, which considerably improved the Company's performance.

Considering his dynamic and technical expertise alongwith his educational qualifications and the exemplary contribution made by him during his tenure, your Directors are of the opinion to appoint him as the head of the technical services and include him as a Whole Time Director of the Company and designate him as Director (Technical).

The terms and conditions of his appointment have been worked out and approved by the Remuneration Committee and are detailed in the Resolution No. 6 which is before your goodselves for approval. As such, your Directors recommend passing of this resolution as Special Resolution.

None of the Directors except Shri M. S. Agarwal, Executive Chairman and Shri Manoj Agarwal, Managing Director being relatives of Shri Shashank Agarwal are concerned or interested in the resolution.

Item No. 7

The existing Authorized Share Capital of the Company is Rs. 10,00,00,000/- (Rupees Ten Crores Only) divided into 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- each out of which Rs. 53,06,250/- (Fifty Three Lacs Six Thousand Two Hundred and Fifty) Equity Shares of Rs. 10/- (Rupees Ten) each, stand issued in the Company. Your Company is looking ways to enhance its paid up capital by way of issue of Preference Shares. Therefore, it is necessary to bifurcate and reclassify the Authorised Share Capital into Equity and Preference Shares. Thus your Directors propose to bifurcate and reclassify the capital by cancelling a part of unissued Equity Share Capital of Rs. 2,00,00,000 (Rupees Two Crores Only) divided into 20,00,000 (Twenty Lac) Equity Shares and in lieu thereof 20,00,000 (Twenty Lac) Preference Shares of Rs. 10/- (Rupees Ten) each are sought to be created.

Further, in order to bifurcate and reclassify the Authorized Share Capital of the Company into Equity and Preference Shares, the Capital Clause of the Memorandum of Association of the Company is required to be altered. The proposed resolution is recommended for approval by the shareholders, as Ordinary Resolution.

None of the Directors of the Company is in any way, interested or concerned in the above mentioned resolution except as shareholders.

Item No. 8

Considering the ratio of paid up Share Capital of the Company vis a vis the Secured / Unsecured Loans, it would be in the interests of the Company to induct additional Capital in the Company. The Capital can be inducted either as Equity Share Capital or as Preference Share Capital. To raise Equity Capital either by way of Rights Issue or as Preferential Allotment, is a time consuming and expensive task and it would not be easy to carry out the same immediately, when need arises. Therefore, it would be expedient to raise the additional capital by way of issuance of Preference Shares. As such, it is necessary to grant an enabling permission to the Board for issuance of Preference Shares for induction of capital as and when need arises.

Having regard to the estimated profits in future, it would be possible to serve the preference shareholders and to pay dividend on Preference Shares as well as Equity Shares.

The Preference Shares shall be placed privately with the investors (relatives, body corporates, associates, group companies, outsiders, promoters and promoters' group etc.) and are not proposed to be listed on Stock Exchange.

The consent of the members is, therefore sought to enable the Board of Directors to issue Preference Shares.

Your Directors recommend the passing of said resolution as Ordinary Resolution.

None of the Directors of the Company is in any way, interested or concerned in the above mentioned resolution except as shareholders and / or being part of promoter and promoters' group.

By order of the Board of Directors
For KANPUR PLASTIPACK LTD.

Place : Kanpur
Date : 30th July, 2010

ANKUR SRIVASTAVA
Company Secretary

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting the 39th Annual Report together with Audited Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS:

	(Rs. in Lacs)	
	2009-10	2008-09
Sale / Income	10276.84	10238.96
Operating Profit	825.53	683.30
<i>Less : Interest</i>	273.63	235.73
<i>Less : Depreciation</i>	154.81	162.81
<i>Less : Adjustments relating to earlier year</i>	—	—
Profit before Tax	397.09	284.76
<i>Less : Provision for taxation</i>		
— Current	111.00	82.00
— Deferred Tax	31.05	10.51
— Fringe Benefit Tax	—	2.70
— Earlier Years	1.03	3.19
Net Profit for the year	254.01	186.36
Appropriation :		
Proposed Dividend	53.06	31.84
Tax on Dividend	8.81	5.41
Balance carried to Balance Sheet	951.20	741.99

REVIEW OF OPERATIONS:

Your Directors are happy to report that in spite of global recession and heavy fluctuation in the foreign currency rates, your Company has maintained steady progress reporting a net profit of Rs 254.01 Lacs as against Rs. 186.36 Lacs for earlier year after providing for income tax. The operations continue to improve and we have processing facilities compatible with the highest international standard in the industry.

This is further to report, that your Company has been appointed as the Del Credere Associate Cum Consignment Stockist of Indian Oil Corporation Limited (IOCL) for their polymer division and, therefore have surrendered the Consignment Stockist-ship of Gail (India) Limited. We expect the higher basket of various polymers available from IOCL. Thus, trading activities will improve in the years to come contributing to improve the bottom-line.

DIVIDEND:

Your Directors have recommended a dividend of Re. 1.00 per share for the year 2009-10 as against Rs. 0.60 per share in the earlier year.

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PROSPECTS :

Your Company has further expanded its manufacturing activities by starting operations at third location. With the facilities, both manufacturing and trading activities, available with the Company and looking towards the bright economic scenario in the Country where the economy is projected to grow about 7% to 8% per annum, the Company is well positioned to continue to improve its performance in the coming years. With the growing demand in packaging industry, the Company has bright prospects for its growth, both in domestic & export market.

FIXED DEPOSITS :

The Company has total fixed deposits of Rs.266.38 Lacs (including interest accrued thereon) as on 31/03/2010. This is to confirm that there are no overdue, unpaid / unclaimed deposits. The interest has also been paid in time to all deposit holders.

DIRECTORS :

Dr. G. N. Mathur and Shri S. M. Jain are the Directors retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. In view of the services rendered by the said Directors and the growth the Company has achieved under their able guidance, your Directors recommend their re-appointment.

Shri B.L. Manchanda has tendered his resignation from the Board w.e.f. 25/03/2010 due to health reason. The Board reluctantly accepted his resignation and place on record appreciation for valuable guidance provided by him since the beginning.

Regretfully, the Board noted the demise of its Promoter Director Smt. Santosh Agarwal who suddenly left for heavenly abode on 31/05/2010. As a Promoter Director she was instrumental in guiding the growth of the Company which was started as a small SSI unit in 1971 and has grown to this height now. She was always the source of inspiration for the entire Board members. The Board appreciates the role played by her and places on record its sincere respect to the departed soul.

Shri Shashank Agarwal has been appointed as Director (Technical) w.e.f. 05/06/2010.

CORPORATE GOVERNANCE :

Pursuant to Clause 49 of the Listing Agreement, report on Corporate Governance and Management Discussion & Analysis Report are annexed to the Annual Report as Annexure 'A' which forms part of this report. The Auditors' certificate certifying that the Company has complied with the requirements of the Corporate Governance in terms of Clause 49 of the Listing Agreement is attached and forms the part of the Annual Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption and foreign exchange earnings and outgo for the financial year 2009-10 are annexed as Annexure 'B' which forms part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED U/S 217(2A) OF THE COMPANIES ACT, 1956 :

Particulars of employees required to be disclosed in terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 during the year 2009-10 are annexed as Annexure 'C' which forms part of this report.

LISTING :

The Equity Shares of Company continue to be listed at Bombay Stock Exchange. We confirm that the Listing Fees for the financial year 2009-10 already has been paid to them.

The confirmation of delisting from Calcutta Stock Exchange has been obtained by the Company during the year.

AUDITORS :

The Statutory Auditors, M/s Pandey & Company, Chartered Accountants are retiring at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that :-

- i) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or Loss of the Company for that period;
- iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the Annual Accounts of the Company on a going concern basis.

ACKNOWLEDGEMENT :

Your Directors would like to place on record their sincere gratitude for overwhelming cooperation and assistance received from State Bank of India, other Government Agencies and esteemed customers for their continued patronage, support, cooperation and assistance during the year.

Your Directors also wish to place on record their appreciation for the high degree of professionalism, whole-hearted commitment, sincere and dedicated efforts put in by all Officers, Staff and Workmen who through their competence, hard work and cooperation have enabled the Company to achieve consistent growth.

Your Directors also take this opportunity to place on record their gratitude to the Members for their continued support and confidence with the Company.

For and on behalf of the Board

Place : Kanpur

Date : 5th June, 2010

M. S. AGARWAL

Executive Chairman

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY :

Your Company believes that transparency, accountability, fair dealing and ethical practices lead to conduct of business in efficient and effective manner. This in turn creates wealth for all stakeholders on one hand and safeguards their interest on the other. Your company is led by distinguished Board. The Board consists of Directors having expertise in diverse fields which includes technical, managerial and finance backgrounds. It is due to this reason that the Board provides a strong oversight and strategic counsel to the management based on SWOT analysis. The Company has established systems and procedures to ensure that the Board is well informed and well equipped to take decisions on strategic and managerial aspects.

2. BOARD OF DIRECTORS :

As on 31st March 2010, the Board of Kanpur Plastipack Limited consisted of three Whole Time Directors (Executive Chairman, Managing Director and Executive Director) and five Non-Executive Directors. Out of five, four Non-Executive Directors are independent Directors. The composition of the Board and other relevant details relating to Directors are as under :

Name of the Director	Category	No. of Board Meetings attended	Whether attended last AGM	No. of other Directorship	No. of other Committee Chairmanship	No. of other Committee Membership
Shri Mahesh Swarup Agarwal	Promoter -Executive	5	Yes	3	—	—
Shri Manoj Agarwal	Promoter -Executive	5	Yes	3	—	—
Shri Ashok Kumar Bhatnagar	Executive	3	Yes	1	—	—
Smt Santosh Agarwal*	Promoter - Non Executive	5	Yes	3	—	—
Shri Banarsi Lal Manchanda**	Non Executive & Independent	5	Yes	2	—	—
Shri Soubhagya Mal Jain	Non Executive & Independent	2	Yes	—	—	—
Shri Pradeep Kumar Goenka	Non Executive & Independent	5	Yes	9	1	3
Dr. Jagan Nath Gupta	Non Executive & Independent	5	Yes	1	—	—
Dr. Gyanesh Narayan Mathur	Non Executive & Independent	1	No	4	—	—

* Smt Santosh Agarwal, Promoter (Non Executive) Director left for heavenly abode on 31st May, 2010.

** Shri B.L. Manchanda has resigned from the Board w.e.f. 25th March, 2010 which was noted by the Board in its meeting on 5th June, 2010.

Details of Board Meetings held during the year 2009-10 :

During the year 2009-10, five Board Meetings were held on 28th May, 2009, 29th July, 2009, 07th September, 2009, 28th October, 2009 and 29th January, 2010. The last Annual General Meeting of the Company was held on 7th September, 2009.

During the year, all the requirements under Clause 49 of the Listing Agreement have been complied with. The declaration to this effect has been given by the Managing Director, which is reproduced at the end of this Report. The information as required under Annexure IA to clause 49 has been made available to the Board.

3. AUDIT COMMITTEE :

The Audit Committee was duly constituted comprising of independent Directors namely Shri S.M. Jain as Chairman

Shri P.K. Goenka & Shri B.L. Manchanda and Dr. J.N. Gupta as Members. During the year Shri B.L. Manchanda resigned from the Board on 25/03/2010, therefore he ceased to be the member of Audit Committee. Four Audit Committee meetings were held during the year 2009-10. The details of the meetings are as under :-

S. No.	Date	Committee Strength	No. of members present
1.	28 th May, 2009	4	3
2.	29 th July, 2009	4	3
3.	28 th October, 2009	4	4
4.	29 th January, 2010	4	3

The terms of reference of the Audit Committee include review of Quarterly, Half-Yearly and Annual Financial Statements before submission to the Board for its approval, to review adequacy of internal control system, to apprise the Board on the impact of accounting policies, accounting standards and legislation, to hold periodical discussions with Statutory and Internal Auditors on the scope and content of the audit and to review the Company's financial and risk management policies. The members of the Committee are well versed in matters relating to finance, accounts, company law, other economic legislation and general management practices.

4. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE :

Shareholders'/ Investors' Grievance Committee was constituted under the Chairmanship of Shri P.K. Goenka, a Non-Executive & Independent Director. Other two members are: Shri M. S. Agarwal and Shri Manoj Agarwal. Four Committee Meetings were held during the year viz. 28th May, 2009, 29th July, 2009, 28th October, 2009, 29th January, 2010.

The Committee sees the matter relating to transfer of shares, demat of shares, issue of duplicate share certificates, redressal of shareholders' / investors' grievances and complaints regarding non-receipt of dividends, Annual Reports, etc.

During the year 2009-10, all the complaints received by the company and / or registrar of the Company were generally solved to the satisfaction of complainants and there was no pending complaint.

5. REMUNERATION COMMITTEE :

The Board has duly constituted the Remuneration Committee consisting of three Non-Executive Independent Directors viz. Shri B.L. Manchanda as Chairman, Shri P.K. Goenka and Shri S.M. Jain as the members of the Committee. The Committee, interalia, looks into the matters of fixation of salary, perquisites, commission payable to the Directors of the Company etc. During the year Shri B.L. Manchanda tendered his resignation from the Board w.e.f. 25/03/2010, therefore he ceased to be the member of the committee. The Board appointed Dr. J.N. Gupta as the member of the Committee.

The Company does not pay any remuneration to its non executive directors, except sitting fee for attending the Board Meetings @ Rs.2,000/- and Rs. 500/-, respectively, for attending each meeting of Audit / Remuneration Committee, besides reimbursement of expenses of travelling etc. The sitting fee for attending Board Meeting has been enhanced to Rs. 5,000/- w.e.f. 30.07.2010. The Company has no pecuniary relationship or transaction with its non-executive Directors other than payment of sitting fees to them for attending Board and Committee Meetings.

The details of remuneration paid to Directors of the Company during the year 2009-10 are as under :-

	(Rs. in Lacs)
i. Salary	71.85
ii. Contribution to P.F.	7.62
iii. Perquisites	11.55
iv. Sitting Fee	0.53
Total	<u>91.55</u>

6. GENERAL BODY MEETING :

Location and time where last three Annual General Meetings were held :

YEAR	DATE	TIME	LOCATION OF THE MEETING
2008-09	07.09.09	12.00 Noon	D-19-20, Panki Industrial Area, Kanpur
2007-08	15.09.08	1.00 P.M.	D-19-20, Panki Industrial Area, Kanpur
2006-07	31.07.07	2.30 P.M.	D-19-20, Panki Industrial Area, Kanpur

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Special Resolution passed at the last three Annual General Meetings :

Meeting Date	Details of the Special Resolution
September 07, 2009	Appointment of Shri Shashank Agarwal as Production Engineer at office or place of profit.
September 15, 2008	Appointment of :- 1. Shri M. S. Agarwal, Executive Chairman 2. Shri Manoj Agarwal, Managing Director 3. Shri A. K. Bhatnagar, Executive Director 4. Smt Usha Agarwal as Senior Manager (Marketing)
July 31, 2007	NIL

No special resolution was put through Postal Ballot last year nor is it proposed to put any Special Resolution to vote through Postal Ballot this year.

7. DISCLOSURES :

- (a) There was no materially significant related party transaction i.e. transaction of material nature with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.
- (b) During the year 2009-10 :-
1. No person has been denied access to the Audit Committee;
 2. The Company has complied with all the mandatory requirements and most of the non mandatory requirements specified in Clause 49 of the Listing Agreement; and
 3. No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or by any statutory authority on any matter related to capital markets during last three years.

8. MEANS OF COMMUNICATION :

The quarterly, half yearly and annual results of the Company are sent to the Stock Exchange, where the Company's shares are listed, immediately after they are approved by the Board. These are also published in local Hindi newspaper and in a National English Daily as per the Listing Agreement.

9. MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

The discussion on financial performance with respect to the operational performance, review of operations, exports, and prospects have been covered in the Directors' Report.

The Company has adequate system of internal controls with regards to purchase of stores, raw materials including components, plant & machinery, equipment, sale of goods and other assets. The internal control system is supplemented by well documented policies and guidelines and the internal audit reports are periodically put to and are reviewed by the top management.

The industrial relations during the year continued to be cordial. The Company is committed to provide necessary human resource development and training opportunities to equip them with the required modern skill and knowledge.

10. GENERAL SHAREHOLDER INFORMATION :

- (i) **Annual General Meeting** : Date : 21st September, 2010
Time : 1:00 P.M.
Venue : D-19-20, Panki Industrial Area, Kanpur 208 022.
- (ii) **Financial Year** : 1st April to 31st March
- (iii) **Date of Book Closure** : from 15.09.2010 to 21.09.2010 (both days inclusive).
- (iv) **Dividend payment date, if declared** : 01st October, 2010
- (v) **Listing on Stock Exchanges** : Bombay Stock Exchange, Mumbai
The Company is up-to-date on the payment of Annual Listing fees
- (vi) **Stock Code** : 507779

(vii) Market Price Data at Bombay Stock Exchange (BSE) :

Month	High (Rs.)	Low (Rs.)
April 2009	12.75	9.54
May 2009	14.59	10.35
June 2009	17.50	12.36
July 2009	13.80	11.85
August 2009	15.50	12.75
September 2009	19.50	15.00
October 2009	17.30	13.50
November 2009	15.60	14.20
December 2009	18.25	14.50
January 2010	20.90	16.80
February 2010	24.05	20.10
March 2010	22.20	19.15

- (viii) Registrar and Share Transfer Agent(RTA) :** Skyline Financial Services Pvt. Ltd.
D-153/A, 1st Floor, Okhla Industrial Area, Phase-I,
New Delhi-110020

(ix). Share Transfer System :-

The shares received for transfer in physical form are processed by RTA and the Share Certificates are returned, after authorisation by the Company, within a period of 30 days from the date of receipt, subject to the documents being valid & complete in all respects. Any transferee who wishes to get the shares dematerialized may approach any of the Depository Participants (DP) along with a duly filled Demat Request Form.

(x). Shareholding Pattern as on 31st March, 2010 :

Category	No. of shares held	Percentage of Shareholding
Promoters	36,71,395	69.19
Mutual Funds and UTI	—	—
Financial Institutions, Banks and Insurance Companies	—	—
Private Corporate Bodies	69,430	1.31
FII's	—	—
Indian Public	13,72,951	25.87
NRIs/OCBs	1,92,474	3.63
TOTAL	53,06,250	100%

(xi) Distribution of Shareholding as on 31st March 2010 :

Category	No. of Shareholders	Percentage	No. of Shares	Percentage
1-500	6724	96.05	909107	17.13
501-1000	130	1.86	105097	1.98
1001-2000	55	0.79	82505	1.56
2001-3000	29	0.41	74622	1.41
3001-4000	12	0.17	42545	0.80
4001-5000	11	0.16	48723	0.92
5001-10000	13	0.19	104141	1.96
More Than10000	26	0.37	3939510	74.24
Total	7000	100	5306250	100

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(xii) Dematerialization of shares : -

The Company's shares are under demat mode. The ISIN of the Company is INE694E01014.

As on 31st March 2010, 87.54% equity shares of the Company are in dematerialized mode.

(xiii) Outstanding GDR / ADR / Warrants or any convertible instruments, conversion date and impact on equity : Not Applicable

(xiv) Registered Office & Works :

- (i) Registered Office : D-19-20, Panki Industrial Area, Kanpur – 208 022
- (ii) Works : 1- D-19-20, Panki Industrial Area, Kanpur - 208 022.
2- A-1,A-2, Udyog Kunj, Site V, Kanpur - 208 022
3- D-6, Panki Industrial Area, Site II, Kanpur – 208 022

(xv) Address for Investor Correspondence :

- For shares held in Physical Form : Kanpur Plastipack Ltd.
& for any query on the Annual Report D-19-20, Panki Industrial Area, Kanpur-208 022
- For Shares in Demat Form : Skyline Financial Services Pvt. Ltd.
D-153/A, 1st Floor, Okhla Industrial Area, Phase-I,
New Delhi-110020

DECLARATION

I, Manoj Agarwal, Managing Director of Kanpur Plastipack Limited, hereby declare that all the members of the Board and the Senior Management personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2010.

For Kanpur Plastipack Limited

Place : KANPUR
Date : 05th June, 2010

MANOJ AGARWAL
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
KANPUR PLASTIPACK LTD.,
KANPUR.

We have reviewed the compliance of the conditions of Corporate Governance by Kanpur Plastipack Limited, for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our review was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Kanpur
Date : 05th June, 2010

For PANDEY & CO.,
Chartered Accountants
AMIT PANDEY
Partner
Membership No. 402377
Firm Reg. No. 000357C

ANNEXURE 'B'
PARTICULARS REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988
A. CONSERVATION OF ENERGY :

	2009-10	2008-09
1. POWER & FUEL CONSUMPTION		
i) Electricity		
a) Purchased :		
– Units	84,50,302	87,37,056
– Total Amount (Rs. in lacs)	348.99	353.56
– Rate / Unit (Rs.)	4.13	4.05
b) Own Generation :		
– Units	31,29,411	15,63,533
– Total Amount (Rs. in lacs)	198.66	91.15
– Rate / Unit (Rs.)	6.35	5.83
2. CONSUMPTION PER UNIT OF PRODUCTION (KG)		
i) Electricity	0.89	1.01
ii) Own Generation	0.33	0.18
iii) Total Units	1.22	1.19

B. TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION :

- No research & development work has been carried out by the Company and therefore, there is no expenditure on this head nor any other benefit accrued from it.
- Technical innovation / modifications are being adopted on regular basis to achieve cost reduction and product improvement.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

During the year under review, the Company has earned and spent Foreign Exchange as detailed below :

	<i>(Rs in lacs)</i>
(i) Earnings on FOB value basis	6512.67
(ii) Total Expenditure in Foreign Currency	
(a) Expenditure on Import of Raw Materials and Spare Parts	2833.93
(b) Expenditure on Export Promotion Tour	5.85
(c) Expenditure on other than above	161.02

ANNEXURE 'C'
Particulars required as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 :

Name	Age	Designation	Remu- neration	Qualifi- cation	Commence- ment of Employment	Experience	Last Employment
Shri Mahesh Swarup Agarwal	83 yrs.	Executive Chairman	37,96,796/-	B.A.	26.07.1971	62 Years	–
Shri Manoj Agarwal	56 yrs.	Managing Director	33,47,857/-	Master in Manage- ment Studies	21.01.1977	33 Years	–

- Notes :**
- The remuneration shown above is subject to tax and comprises of salary, allowances, monetary value of perquisites as per Income Tax Rules, 1962 and Company's contribution to provident fund.
 - Shri Mahesh Swarup Agarwal, Executive Chairman and Shri Manoj Agarwal, Managing Director are related to each other as father-son.

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AUDITORS' REPORT

The Members of
Kanpur Plastipack Ltd.,
Kanpur.

1. We have audited the attached Balance Sheet of Kanpur Plastipack Limited ("the Company") as at 31st March, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) Amendment Order, 2004 ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ("the Act"), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
 - (i) we have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) on the basis of written representation received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - (vi) in our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - (b) in the case of the Profit and Loss Account of the profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For PANDEY & CO.
Chartered Accountants

Place : Kanpur
Date : 5th June, 2010

AMIT PANDEY
Partner
Membership No. 402377
Firm No. : 000357C

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in our report to the members of Kanpur Plastipack Limited ("the Company") for the year ended 31st March, 2010. We report that :

- I. In respect of its fixed assets:
 - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) Assets have been physically verified by the Management during the year, there is regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) Fixed assets disposed off during the year were not substantial and therefore do not effect the going concern status of the Company.
- II. In respect of its inventories
 - (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory, the discrepancies noticed on verification between the physical stock and the book records were not material.
- III. The Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- IV. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- V. In respect of the contracts and arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanation given to us :
 - a. The particulars of the contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section.
 - b. In our opinion contracts and arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are prima facie reasonable, having regard to prevailing market prices at the relevant time where such prices are available
- VI. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 58A and 58AA of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- VII. in our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- VIII. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause(d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.

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IX. In respect of Statutory Dues :

- a. According to the information and explanations given to us and on the basis of the examination of the records of the Company, the Company has been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Excise Duty, Wealth Tax, Custom duty Service Tax, Cess, Investor Education and Protection Fund, Employees' State Insurance, and other statutory dues applicable to it.
- b. According to the information and explanation given to us, no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Excise Duty, Wealth Tax, Custom Duty, Service Tax, Cess and other applicable Statutory Dues were arrears as at 31st March 2010 for a period of more than six months from the date they become payable.
- c. According to the information and explanation given to us, follownig are the details of the disputed Income Tax, Excise Duty Dues :-

Income Tax :

- a) For Assessment Years 1995-96 to 2000-01, the department reopened the cases and made Arbitrary additions in respective years. the company went into appeal in all the cases and they were decided at Income Tax Appellate Tribunal, Lucknow in favour of the Company, where the revised assessment orders were quashed and demand raised annulled. Department granted refund and simultaneously has filed appeals with Hon'ble High Court, Allahabad in respective cases, which have not yet been admitted for any of the Assessment years.
- b) For the assessment year 2001-02, a demand of Rs 39,40,390/- was raised which was fully adjusted with brought forward losses. On certain counts, the Company went into appeal, which was decided in favour of the Department. However, now the Company has appealed with Hon'ble Allahabad High Court, Lucknow Bench, which has been admitted and is pending for disposal. Further, Department's appeal against the judgment of CIT Appeals was partly allowed by ITAT, Lucknow and accordingly, a refund of Rs 34,07,466/- has been granted to the Company.
- c) For Assessment year 2002-03 the case was reopened by ITO-6(2), Kanpur and certain arbitrary additions were made and accordingly, a demand of Rs 3,06,740/- was raised. Against this, the Company had filed an appeal with CIT (Appeals), which is pending.
- d) For Assessment year 2005-06, against the additions made by Assessing Officer, the Company went into appeal with ITAT, Lucknow, which was decided in favour of the Company and giving effect of ITAT order, a refund of Rs. 22,49,872/- has been granted, the order was received by the Company after the Financial Year ending 31st March, 2010.
- e) For assessment year 2006-07, against the additions made by Assessing Officer, the Company went into appeal wiht CIT (Appeals), which was decided in favour of the Company by CIT (Appeals), Kanpur and giving effect of CIT (Appeals) order, a refund of Rs. 15,98,864/- has been granted, the order was received by the Company after the Financial Year ending 31st March, 2010.
- f) For Assessment Year 2007-2008, against the additions made by Assessing Officer, the Company went into appeals with CIT (Appeals), which was decided in favour of the Company, and giving effect of CIT (Appeals) order, a refund of Rs. 14,62,720/- has been granted, the order was received by the Company after the Financial Year ending 31st March, 2010.

Excise Duty :

In respect of Company's claim with Central Excise authorities regarding wrong classification of product, which was partially settled and the Company was allowed consequential relief in November, 1998, the appeal of the Department against the same was rejected by the CEGAT and contention of the Company was accepted. Now, the department has filed reference, which is pending with the Allahabad High Court.

- X. The Company does not have any accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- XI. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution or banks.
- XII. The Company has not granted loans and advances on the basis of security by way of pledge of shares, and other securities.
- XIII. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, the provisions of clause 4 (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XIV. The Company has maintained proper records of the transactions and contracts, securities and other investments and timely entries have been made therein. All shares, securities and other investments have been held by the Company in its own name.
- XV. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4 (xv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XVI. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, terms loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
- XVII. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have prima facie not been used during the year for long term investments.
- XVIII. The Company has not made any preferential allotment of shares to the companies/firms/parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4 (xviii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XIX. The Company has not issued any debentures during the year under audit. Accordingly, the provisions of clause 4 (xix) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XX. The Company has not raised any money by way of public issues during the year. Accordingly, the provisions of clause 4 (xx) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XXI. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by the management.

Place : Kanpur
Date : 5th June, 2010

For PANDEY & CO.
Chartered Accountants
AMIT PANDEY
Partner
Membership No. 402377
Firm No. : 000357C

THIRTY NINTH ANNUAL REPORT

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
a) Capital	1	5,30,62,500	5,30,62,500
b) Reserves & Surplus	2	12,70,83,572	10,61,62,882
Deferred Tax Liability (Net)		2,03,36,175	1,72,30,679
Borrowed Funds			
a) Secured Loans	3	32,48,11,321	29,12,55,575
b) Unsecured Loans	4	2,66,37,995	2,15,23,493
TOTAL		551,931,563	48,92,35,129
APPLICATION OF FUNDS			
Fixed Assets			
a) Gross Block	5	38,00,16,378	35,27,18,081
b) Less : Depreciation		10,58,47,267	9,38,85,270
c) Net Block		27,41,69,111	25,88,32,811
d) Capital work in Progress		43,23,138	—
Investments	6	28,62,069	28,62,069
Current Assets, Loans & Advances			
a) Inventories	7	17,81,22,773	12,70,07,090
b) Receivables	8	12,68,62,389	13,91,33,212
c) Cash & Bank Balances	9	75,82,806	90,81,615
d) Loans & Advances	10	6,60,42,542	5,00,00,475
		37,86,10,510	32,52,22,392
Less : Current Liabilities & Provisions			
a) Current Liabilities	11	5,14,29,456	5,68,12,724
b) Provisions		5,81,93,633	4,26,03,772
		10,96,23,089	9,94,16,496
Net Current Assets		26,89,87,421	22,58,05,896
Miscellaneous expenditure (To the extent not written off)		15,89,824	17,34,353
TOTAL		55,19,31,563	48,92,35,129
Notes to accounts	19		

Schedules 1 to 11 and 19 form part of the Balance Sheet

As per our report of even date attached

For PANDEY & CO.

Chartered Accountants

AMIT PANDEY

Partner

Membership No. 402377

Firm Reg. No. 000357C

KANPUR

Dated : 5th June , 2010

ANKUR SRIVASTAVA

Company Secretary

For and on behalf of the Board of Directors

M. S. AGARWAL, Executive Chairman

MANOJ AGARWAL, Managing Director

P. K. GOENKA, Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Current Year 31.03.2010 Rs.	Previous Year 31.03.2009 Rs.
INCOME			
Sales of Products and other Income	12	1,02,76,83,548	1,02,38,96,631
Less : Excise Duty		2,55,38,866	3,96,01,328
TOTAL		1,00,21,44,682	98,42,95,303
EXPENDITURE			
Materials Consumed	13	63,68,35,746	66,46,23,394
Trade Tax		9,857,547	89,65,394
Manufacturing Expenses	14	14,27,74,111	11,48,71,852
Personnel Expenses	15	4,49,75,284	3,94,05,823
Administrative Expenses	16	3,34,46,035	3,28,86,362
Selling Expenses	17	5,17,02,631	5,52,12,516
TOTAL		91,95,91,354	91,59,65,341
Operating Profit		8,25,53,328	6,83,29,962
Financial Expenses	18	2,73,62,959	2,35,72,155
Profit Before Depreciation		5,51,90,369	4,47,57,807
Depreciation		1,54,81,330	1,62,81,233
Profit before Tax		3,97,09,039	2,84,76,574
Less : Provision for Income Tax – Current		1,11,00,000	82,00,000
– Deferred		31,05,496	10,51,093
– Fringe Benefit Tax		–	2,70,000
Taxes for Earlier year		1,02,536	3,18,985
Net Profit after Tax		2,54,01,007	1,86,36,496
Adjustments relating to earlier Year			
Income / (Expenses)		2,244	(15,480)
Excess Depreciation Written Back		1,704,991	
Balance brought forward from Previous Year		74,198,878	5,93,02,690
Profit available for appropriation		10,13,07,120	7,79,23,706
Appropriation :			
Dividend on Equity Shares (@ Re. 1.00 (previous year-Re. 0.60) per Equity share)		53,06,250	31,83,750
Tax on Dividend		8,81,302	5,41,078
Surplus carried over to Balance Sheet		9,51,19,568	7,41,98,878
Earning per Share (in Rs.)		4.79	3.51
Notes to Accounts	19		

Schedules 12 to 18 and 19 form part of the Profit and Loss Account

As per our report of even date attached

For PANDEY & CO.
Chartered Accountants
AMIT PANDEY
Partner

Membership No. 402377
Firm Reg. No. 000357C

KANPUR

Dated : 5th June , 2010

ANKUR SRIVASTAVA
Company Secretary

For and on behalf of the Board of Directors

M. S. AGARWAL, Executive Chairman
MANOJ AGARWAL, Managing Director
P. K. GOENKA, Director

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Schedules annexed to and forming part of the Balance Sheet

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE 1 : SHARE CAPITAL		
a) Authorised Capital		
1,00,00,000 (1,00,00,000) Equity Shares of Rs.10/- each	10,00,00,000	10,00,00,000
b) Issued, Subscribed and Paid up Capital		
53,06,250 (53,06,250) Equity Shares of Rs.10/- each fully paid up	5,30,62,500	5,30,62,500
	<u>5,30,62,500</u>	<u>5,30,62,500</u>
SCHEDULE 2 : RESERVES & SURPLUS		
a) Share Premium Account	2,06,87,500	2,06,87,500
b) General Reserve	1,12,76,504	1,12,76,504
c) Profit & Loss account	9,51,19,568	7,41,98,878
	<u>12,70,83,572</u>	<u>10,61,62,882</u>
SCHEDULE 3 : SECURED LOANS		
(The Loans are secured by hypothecation of stocks of Raw Materials, Goods in Process, Finished Goods & Spares and Book Debts, Export Documents and mortgage of Fixed Assets)		
(1) Working Capital Loans from State Bank of India		
(a) Cash Credit (Hypo) & Cash Credit (Book Debts) including Foreign Currency Demand Loan Rs. 1,91,26,000/- (Previous Year Rs. 2,07,31,900/-)	13,76,06,537	11,09,86,289
(b) Export Bills Purchase	5,61,17,737	5,11,92,465
(2) Term Loan from State Bank of India [including foreign currency term loan of Rs. 4,23,33,592/- (Previous year Rs. 4,80,09,626/-)]	13,10,87,047	12,90,76,821
	<u>32,48,11,321</u>	<u>29,12,55,575</u>
SCHEDULE 4 : UNSECURED LOANS		
(1) (a) Deposits (Including Interest accrued thereon)	2,41,37,995	1,90,23,493
(b) Others (Intercorporates)	25,00,000	25,00,000
	<u>2,66,37,995</u>	<u>2,15,23,493</u>

SCHEDULE 5: FIXED ASSETS

Name of Assets	GROSS BLOCK Rs.				DEPRECIATION Rs.			NET BLOCK Rs.	
	Cost as on 01.04.2009	Adjustments/ sales during the year	Additions during the year	Total As at 31.03.2010	Till 31.03.2009	Adjustments during the Year	For the Year	Total up to 31.03.2010	As at 31.03.2010
									As at 31.03.2009
Land (Lease hold)	3,84,87,844	-	-	3,84,87,844	10,81,342	-	4,86,589	15,67,931	3,69,19,913
Building	9,57,48,307	-	-	9,57,48,307	1,23,51,293	-	31,23,708	1,54,75,001	8,02,73,306
Plant & Machinery	19,09,96,822	-	2,63,47,129	21,73,43,951	6,58,95,286	17,04,991	93,17,539	7,35,07,834	14,38,36,117
Electric Installations	1,09,14,284	-	1,09,136	1,10,23,420	42,85,003	-	5,81,027	48,66,030	61,57,390
Furniture & Fixtures	34,33,124	-	2,01,144	36,34,268	23,58,857	-	2,10,718	25,69,575	10,64,693
Office Equipment	65,27,357	55,436	15,80,931	80,52,852	44,42,893	24,210	8,10,902	52,29,585	28,23,267
Vehicles	66,10,343	21,77,745	12,93,138	57,25,736	34,70,596	17,90,132	9,50,847	26,31,311	30,94,425
TOTAL	35,27,18,081	22,33,181	2,95,31,478	38,00,16,378	9,38,85,270	35,19,333	1,54,81,330	10,58,47,267	27,41,69,111
Previous year figures	34,11,87,533	62,62,323	1,77,92,871	35,27,18,081	7,93,48,046	17,44,009	1,62,81,233	9,38,85,270	25,88,32,811

NOTES :

- Depreciation on Building, Plant & Machinery, Electric Installation has been charged on straight line method, whereas the same has been charged on WDV method on Furniture & Fixtures, Office Equipments & Vehicles- as per the rates of Schedule XIV of the Companies Act, 1956.
- Plant & Machinery are charged to Depreciation @ 5.28% (continuous process plant)
- Gross Block of Plant & Machinery and Building Includes Rs. 2,39,69,372/-and Rs. 2,72,714/- worth of assets respectively, which has been fully depreciated.
- Adjustments in Accumulated Depreciation of Rs. 35,19,333/- includes Rs. 17,04,991/- being excess depreciation written back relating to earlier years.

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	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE 7: INVESTMENT		
A. Investment in Shares/Mutual Fund		
Quoted - Trade - Current (Market Value of Quoted Investment Rs 21,43,560/-)	27,87,264	27,87,264
B. Investment in Property		
Unquoted		
a) Share in Dalmia Resorts Ltd.	17,250	17,250
b) Share in Shivgarh Resorts Ltd.	57,555	57,555
	<u>28,62,069</u>	<u>28,62,069</u>
SCHEDULE 7 : INVENTORIES		
a) i. Raw Materials (in hand) (at cost)	6,08,01,932	4,89,81,360
ii. Raw Materials (in Transit) (at cost)	50,95,450	1,16,73,412
b) Finished Goods and Goods in process (Finished Goods at Lower of cost or realisable value and Goods in Process (at Cost))	10,01,41,275	5,51,26,166
c) Jigs and Fixtures (at Cost)	36,42,579	28,96,832
d) Stores, Spares & others (at cost)	84,41,537	83,29,320
	<u>17,81,22,773</u>	<u>12,70,07,090</u>
SCHEDULE 8: RECEIVABLES		
a) Debts outstanding for a period exceeding 6 months (considered good, unsecured)	—	—
b) Other debts (considered good, unsecured) (Including Rs. 3,32,972/- of Consignment Stockist Division (previous year (Rs. 1,32,60,513))	12,68,62,389	13,91,33,212
	<u>12,68,62,389</u>	<u>13,91,33,212</u>
SCHEDULE 9 : CASH AND BANK BALANCES		
a) Cash in Hand	2,39,159	4,19,236
b) Balances with Scheduled Banks :-		
1) In Current Accounts	15,05,297	48,54,465
2) In Fixed Deposits (for Margin Money) (Including Interest accrued thereon)	58,38,350	38,07,914
	<u>75,82,806</u>	<u>90,81,615</u>
SCHEDULE 10 : LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received		
a) Security Deposits with Government & others	52,70,498	54,88,793
b) Advance Income tax paid	3,66,21,457	2,56,56,554
c) Staff Advance	4,21,490	5,34,930
d) Pre-paid Expenses	32,46,875	24,04,428
e) Advances to Suppliers & Others	98,74,024	65,94,950
f) Interest Recoverable under TUF Scheme / others	42,12,231	49,16,597
g) VAT Recoverable	22,29,993	10,06,637
h) Excise Duty/Service tax Recoverable	41,65,974	33,97,586
	<u>6,60,42,542</u>	<u>5,00,00,475</u>
SCHEDULE 11 : CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
a) Sundry Creditors (including Rs. nil of Consignment Stockist Division (previous year Rs. 85,73,469))	3,94,13,419	4,49,67,342
b) Outstanding Liabilities	1,20,16,037	1,18,45,382
Provisions		
a) Provision for Gratuity	1,59,53,123	1,50,63,406
b) Provision for Leave wages	22,81,582	11,82,103
c) Provision for Excise Duty	2,46,376	2,08,435
d) Provision for Taxation	3,35,25,000	2,24,25,000
e) Provision for Dividend	53,06,250	31,83,750
f) Provision for Tax on Dividend	8,81,302	5,41,078
	<u>10,96,23,089</u>	<u>9,94,16,496</u>

Schedules annexed to and forming part of the Profit & Loss Account

	Current Year 31.03.2010 Rs.	Previous Year 31.03.2009 Rs.
SCHEDULE 12 : SALES AND OTHER INCOME		
(A) SALES		
Plastic Products (Indigenous)	32,92,73,838	32,29,37,830
Plastic Products (Export)	66,78,82,699	70,98,42,446
Others	1,42,08,979	1,46,43,433
Trade Tax/VAT Collected on Sales	98,57,547	89,65,394
Export Incentive	—	4,50,702
Profit/(Loss) on forward foreign exchange export contracts	3,54,824	(3,90,73,305)
	<u>1,02,15,77,887</u>	<u>1,01,77,66,500</u>
(B) OTHER INCOME		
Miscellaneous Receipts	50,860	1,52,667
Interest Received	7,65,706	3,87,998
Sale of Scraps	18,33,056	19,14,423
Processing charges	—	4,32,000
Commission (on Consignment Stock Sales)	34,56,039	32,43,043
	<u>61,05,661</u>	<u>61,30,131</u>
	<u>1,02,76,83,548</u>	<u>1,02,38,96,631</u>
SCHEDULE 13 : CONSUMPTION OF MATERIALS		
Opening Stock:		
Raw Materials	4,89,81,360	3,85,53,458
Goods in Process & Finished Goods	5,51,26,166	6,04,52,203
Add : Purchase of Raw Materials	69,36,71,427	66,97,25,259
	<u>79,77,78,953</u>	<u>76,87,30,920</u>
Less : Closing Stock:		
Raw Materials	6,08,01,932	4,89,81,360
Goods in Process & Finished Goods	10,01,41,275	5,51,26,166
Materials Consumed	<u>63,68,35,746</u>	<u>66,46,23,394</u>
SCHEDULE 14 : MANUFACTURING EXPENSES		
Stores & Spare parts Consumed	1,52,29,292	1,62,87,538
Jigs and Fixtures	9,10,645	7,24,208
Machinery Repairs	33,54,598	14,69,887
Processing charges	6,22,07,236	4,56,82,017
Power & Fuel Consumed	5,87,66,429	4,85,26,830
Carriage Inward	23,05,911	21,81,372
	<u>14,27,74,111</u>	<u>11,48,71,852</u>
SCHEDULE 15 : PERSONNEL EXPENSES		
Wages, Salary & Bonus	3,61,82,469	3,02,52,396
Labour & Staff Welfare	20,66,178	22,83,798
Contribution to PF, ESI	45,49,194	37,71,051
Gratuity	21,77,443	30,98,578
	<u>4,49,75,284</u>	<u>3,94,05,823</u>

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	Current Year 31.03.2010 Rs.	Previous Year 31.03.2009 Rs.
SCHEDULE 16 : ADMINISTRATIVE EXPENSES		
Travelling & Conveyance	16,53,881	15,47,511
Directors' Travelling (Incl. Foreign Travel)	15,09,454	16,34,984
Printing and Stationery	6,62,318	7,64,271
Directors' Remuneration	91,02,173	91,17,955
Vehicle Maintenance	10,16,646	10,48,322
Rent	6,76,538	7,45,169
Rates & Taxes	13,57,580	11,93,153
Communication Expenses	17,13,166	19,54,885
Auditors' Remuneration		
Audit Fees	60,000	60,000
Tax & Vat Audit Fees	40,000	20,000
Management Services	50,000	—
Out of Pocket Expenses	—	8,000
Subscription and Memberships	2,10,555	2,07,989
Insurance Expenses	38,04,577	38,59,493
Meeting & Training expenses	8,65,331	47,655
Miscellaneous Expenses	5,55,975	5,46,922
Donation	5,12,201	2,60,551
Legal & Professional Expenses	16,51,412	23,37,533
Repairs and Maintenance (Building)	11,03,205	6,96,862
Sundry Repairs	9,79,788	12,39,957
Directors' Sitting Fees	52,500	43,000
Bank Charges	44,29,276	45,36,741
Foreign Exchange fluctuation	12,10,840	8,22,587
Right issue Expenses written off	1,44,529	1,44,529
Loss on sale of assets	66,801	26,539
Wealth tax	17,289	18,554
Banking Transaction Tax	—	3,200
	3,34,46,035	3,28,86,362
SCHEDULE 17 : SELLING EXPENSES		
Advertisement	4,85,793	3,83,559
Sales Promotion	5,89,359	3,26,121
Carriage Outward (Incl. Sea Freight)	4,44,91,970	5,06,88,412
Commission on Sales	18,89,689	15,11,767
Loading & Unloading	14,73,366	14,23,227
Rejection & Shortage on Sales	17,38,952	8,79,430
Bad Debts	10,33,502	—
	5,17,02,631	5,52,12,516
SCHEDULE 18 : FINANCIAL EXPENSES		
Interest to Bank & others	2,45,71,350	2,18,41,502
Interest on Deposits	27,91,609	1,730,653
	2,73,62,959	2,35,72,155

SCHEDULE 19 : NOTES TO ACCOUNTS

Annexure to and forming part of the Balance Sheet as at 31st March, 2010 and Profit & Loss Account for the year ended on that date :

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**SIGNIFICANT ACCOUNTING POLICIES**

The accounts are prepared under the historical cost convention and in accordance with the applicable Accounting Standards issued by The Institute of Chartered Accountants of India. The significant accounting policies are as follows :

1. Fixed Assets :

Fixed Assets are valued at cost.

2. Depreciation :

Depreciation has been provided on straight line method on building, plant & machinery, electric installations and on written down value method on other assets, as per Schedule XIV of the Companies Act, 1956. Further, depreciation on assets, whose actual cost does not exceed Rs. 5000/- has been provided @ 100%. Further, Leasehold Land is being amortized taking into account the residual life of lease.

3. Impairment of Assets :

Consideration is given at each balance sheet date to determine whether there is any modification or impairment of the carrying amount of the fixed assets. If any condition exists, an asset's recoverable amount is estimated. An impairment loss is recognized, whenever the carrying amount of any asset exceeds recoverable amount.

4. Valuation of Inventory :

The raw materials, stores and spares and goods-in-process are valued at cost net of CENVAT Credit, and finished goods are valued at cost or net realizable value, whichever is lower. The cost is computed on FIFO basis and comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

5. Research & Development :

The Company does not have separate research & development department. The Company has not made any specific expenditure on this head.

6. Foreign Currency Transactions :

Current Assets and Current Liabilities relating to Foreign Currency Transactions are normally recorded at the exchange rate prevailing at the time of transaction. Profit or Loss on outstanding Foreign Currency Contracts has been accounted for at the exchange rate prevailing at the close of the year.

7. Contingent Liabilities :

Contingent Liabilities as shown in the notes to accounts, may affect the future profitability to the extent it materialises for payment.

8. Investments :

All investments are valued at cost price.

9. Recognition of Income / Expenditure :

All revenues / income are accounted for on accrual basis.

10. Borrowing Cost :

Borrowing cost directly attributable to the acquisition, construction or production of a fixed assets has been capitalized as part of the cost of that asset. Funds borrowed generally and used for the purpose of obtaining of fixed assets, the amount of borrowing cost eligible for capitalization has been determined by applying capitalization ratio to the total cost incurred on fixed assets.

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NOTES TO ACCOUNTS

		(Rs. in Lacs)	
	2009-10	Increase/ (Decrease) during the year	2008-09
1. Contingent Liabilities in respect of :			
a) Counter Guarantees given to Bank for issue of performance guarantees by Bank	257.00	(29.88)	286.88
b) Foreign bills discounted by the bank under Letter of Credit	30.32	(106.30)	136.62
c) Legal Undertakings submitted to Customs & DGFT under Duty Exemption Scheme for import of raw materials against which all exports have been completed and Advance Licences are under redemption.	3651.94	72.46	3579.48
d) Labour cases pending with Labour Courts/High Court.	1.90	—	1.90
2. Remuneration to Whole-time Directors :			(Rs. in Lacs)
a) Salaries	71.85	5.26	66.59
b) Contribution to P.F.	7.62	1.04	6.58
c) Value of perquisites	11.55	(6.46)	18.01
	<u>91.02</u>	<u>(0.16)</u>	<u>91.18</u>
3. In respect of the Company's claim with Central Excise authorities regarding wrong classification of product, which was partially settled and the Company was allowed consequential relief in November, 1998, the appeal of the Department against the same was rejected by the CEGAT and contention of the company was accepted. The Departmental reference filed with Hon'ble Allahabad High Court is still pending.			
4. Regarding Income Tax matters :-			
a. For Assessment Years 1995-96 to 2000-01, the department reopened the cases and made Arbitrary additions in respective years. The Company went into Appeal in all the cases and they were decided at Income Tax Appellate Tribunal, Lucknow in favour of the Company, where the revised assessment orders were quashed and demand raised annulled. Department granted refund and simultaneously has filed appeals with Hon'ble High Court, Allahabad in respective cases, which have not yet been admitted for any of the Assessment Years.			
b. For the assessment years 2001-02, a demand of Rs 39,40,390/- was raised which was fully adjusted with brought forward losses. On certain counts, the Company went into appeal, which was not allowed and decided in favour of the Department. Against the same, the Company has appealed with Hon'ble Allahabad High Court, Lucknow Bench, which has been admitted and is pending for disposal. Further, Department's appeal against the judgement of CIT Appeals was partly allowed by ITAT, Lucknow and accordingly, a refund of Rs. 34,07,466/- has been granted to the Company.			
c. For Assessment Year 2002-03, the case was reopened by ITO-6(2), Kanpur and certain arbitrary additions were made and accordingly, a demand of Rs. 3,06,740/- was raised. Against this, the Company had filed an appeal with CIT (Appeals), which is pending.			
d. For Assessment years 2005-06, 2006-07 and 2007-08, arbitrary additions were made and demand of Rs. 22,84,990/-, Rs. 14,25,701, and Rs. 15,25,545/- respectively, were raised. Against this, the Company went into appeal with ITAT, Lucknow / CIT (Appeals), Kanpur. All the cases were decided partly in favour of the Company and giving effect of these orders, a refund of Rs. 22,49,872/-, Rs. 15,98,864/- and Rs. 14,62,720/- respectively, have been granted in April / May 2010.			
In view of above facts, the Management feels that there shall not be any additional financial liabilities on the Company in all the above cases.			
5. The previous year's figures have been regrouped / recasted, wherever necessary to make them comparable with those of the current year. Figures in bracket indicate previous year's figures.			
6. Depreciation includes an impairment loss of Computer Software of Rs. 31,226/- as required under Accounting Standard – 28.			

7. The provision for gratuity has been calculated in accordance with the provisions of the Payment of Gratuity Act, 1972. The provision has been made only for those employees, who have completed five years of service with the Company.
8. The amount of foreign exchange fluctuation amounting to Rs.12,10,840/- (debit) (Last year debit Rs. 8,22,587/-) has been included in Administrative Expenses.
9. Sundry Creditors includes Rs. 2.20 Lacs (Previous year Rs. 2.43 lacs) due to Small Scale Industrial Undertakings and Rs. 391.93 Lacs (previous year Rs. 447.24 lacs) due to other creditors. The disclosure is based on the information available with the Company regarding the status of the suppliers. There are no sundry creditors, whose dues are outstanding for more than 30 days and exceeding Rs. 1.00 lac.
10. Excise Duty includes excise rebate on export sales amounting to Rs. 16.72 Lacs (Previous Year Rs. 28.41 lacs).
11. The Receivables and Cash & Bank Balances as mentioned in the Balance Sheet includes Rs. 3,32,972/- and (-) Rs. 3,20,314/- respectively, as related to Consignment Stockist Division of the company.
12. The Company has surrendered the Consignment Stockistship of Gail (India) Ltd. and has been appointed as DCA cum CS by Indian Oil Corporation Ltd. for polymer marketing.
13. 1/5th Provision (3rd instalment) for Leave encashment has been made.
14. Intangible assets as per Accounting Standard – 26 include computer software depreciated @ 40%. The gross value and accumulated depreciation thereon are Rs 4.75 lacs and Rs 4.38 lacs respectively.
15. A sum of Rs. 3,54,824/- on account of profits in foreign exchange transactions made for export sales has been credited to sales account and thus the overall sales have been increased by that amount.
16. As against outstanding Foreign Currency Term Loan of USD 950410 taken for fixed assets, there is a negative exchange difference of Rs 6.46 lacs as on 31st March 2010 resulting into notional increase in the term liability of the Company by the similar amount. Further, the Company has taken a Foreign Currency Demand Loan of USD 400000 against working capital limits, which is fully hedged and accordingly, there shall be an additional liability of Rs. 5.77 lacs at the time of payment of said loan in Sept 2010 on account of hedging cost.
17. The Company is registered as a 'Technical Textile Unit' by Ministry of Textiles vide registration no 19101004. Consequently, interest reimbursement and capital subsidy is being availed.
18. The Company makes regular contribution for Employees' Provident Fund and Employees' State Insurance and these are charged to revenue. The liability of the Company for Gratuity and Leave Wages are estimated at each year end and liability accordingly is provided in the books of the Company.

19. Deferred Tax :

In accordance with Accounting Standard (AS – 22) on Accounting for Taxes on Income as issued by The Institute of Chartered Accountants of India, the Company has provided for deferred tax liability resulting from timing differences between book and taxable profit using the rates and the laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable / virtual certainty that the asset will be realised in future. The details are given hereunder:

Nature of Timing Difference	Deferred Tax Asset/(Liability) As on 01.04.2009	Current year (Charges)/Credit	Deferred Tax Asset/(Liability) as on 31.03.2010
	Rs.	Rs.	Rs.
Depreciation	(2,34,98,088)	(37,96,726)	(2,72,94,814)
Disallowances u/s 43B	62,67,409	6,91,230	69,58,639
	<u>(1,72,30,679)</u>	<u>(31,05,496)</u>	<u>(2,03,36,175)</u>

20. Earning per Share :

Net Profit after Tax Rs. 254.01 Lacs (Previous Year Rs. 186.36 lacs) (as per Profit/Loss account)	
Weighted Average number of fully Paid up Equity Shares of Rs. 10/- Each	53,06,250 Equity shares (Previous Year 53,06,250 Equity Shares)
Earning per Share	Rs. 4.79 (Previous Year Rs. 3.51)

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21. Licenced & Installed Capacity, Production & Sales :

	Unit	Licenced	Installed	Production	Sales
Fabric & Sacks	MT	Not Applicable	10,000* (10,000)	9491.8** (8677.2)	9024*** (8691.6)

* The capacity is for producing unlaminated fabric.

** Includes LDPE & others for finished goods.

*** It does not include High Seas Sales 668 MT (Previous year 24.75 MT)

22. (a) Opening Stock of GIP & Finished Goods :

	As at 01.04.2009	As at 01.04.2008
i) Plastic products Qty. (MT)	739.00	753.40
Value (Rs. in lacs)	546.01	598.04
ii) Others (Rs. in Lacs)	5.25	6.48

(b) Closing Stock of GIP & Finished Goods :

	As at 31.3.2010	As at 31.3.2009
i) Plastic products Qty. (MT)	1206.80	739.00
Value (Rs. in Lacs)	989.81	546.01
ii) Others (Rs. in Lacs)	11.60	5.25

23. Raw Material Consumed :

	Unit	2009-10 Qty. Rs. in Lacs	2008-09 Qty. Rs. in Lacs
Plastic Granules*	MT	10468.0 6679.48	8948.5 5667.64
Others		202.0 139.03	695.5 925.33
		<u>10670.0</u> <u>6818.51</u>	<u>9644.0</u> <u>6592.97</u>

*Includes Traded Goods 668 MT (Last year 24.75 MT) Rs. 395.42 Lacs (Last year Rs. 11.43 Lacs)

24. Value of Imported & Indigenous Raw Materials, Stores & Spares consumed :

	2009-10 Value Rs. in Lacs	% of Total Consumption	2008-09 Value Rs. in Lacs	% of Total Consumption
a) Stores & Spares – Imported	2.14	1.40	1.43	0.88
– Indigenous	150.19	98.60	161.45	99.12
	<u>152.33</u>	<u>100.00</u>	<u>162.88</u>	<u>100.00</u>
b) Raw Materials – Imported*	2932.23	43.00	1107.02	16.79
– Indigenous**	3886.28	57.00	5485.95	83.21
	<u>6818.51</u>	<u>100.00</u>	<u>6592.97</u>	<u>100.00</u>

* Include Traded Goods 668 MT (Last year 24.75 MT) worth Rs. 395.42 lacs (Last year Rs. 11.43 lacs).

** Includes material purchased under Advance Authorization Scheme.

25. Value of Imports on CIF Basis :

	2009-10 Rs. in Lacs	2008-09 Rs. in Lacs
a) Raw Material	2832.15	1134.93
b) Stores & Spares	1.78	1.13

26. Expenditure in Foreign Currency on :

a) Travel	5.85	5.03
b) Plant & Machinery and Others	161.02	51.32

27. Earnings in Foreign Currency on FOB basis :

Export of Goods	6512.67	6857.78
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28. Related Party Disclosures :

The Company's related party transactions during the year and outstanding balances as on 31.03.2010 are as under :

Details of Associate Companies

1. KSM Exports Ltd.	— Associate Company
2. MSA Investment & Trading Co. Pvt. Ltd.	— Associate Company
3. KPL Packaging Pvt. Ltd.	— Associate Company

Details of Transactions

Nature	(Rs. in lacs)	
	Associate Companies	Key Management Personnel & their relatives
Remuneration	—	99.18
Interest on Deposits	3.12	22.96
Sales/Purchases to KSM Exports Ltd.	410.06	—
Outstanding Deposits	25.00	198.29
Rent paid	3.10	0.96
Rent received	0.36	—

29. Segment Information :
A. Information about Primary Segments :
(Rs. in Lacs)

Particulars	Manufacturing Operations	Consignment Stockist Operations	Total
1. Segment Revenue	10242.08	34.76	10276.84
Less : Inter Segment Revenue	—	—	—
Net Sales/Income from Operations	10242.08	34.76	10276.84
2. Segment Results (Profit Before Tax and Interest)	665.34	5.38	670.72
Less : Unallocated Interest & Finance Charges	—	—	273.63
Add : Other Unallocable income Net of unallocable expenditure	—	—	—
Total Profit before tax	—	—	397.09
3. Capital Employed (Segment Assets - Segment Liabilities)	—	—	2004.81

B. Information about Secondary Segments :

1. Revenue from Geographical Markets	
India	3594.46
Overseas	6682.38
Total	10276.84

Note : The Company has common fixed assets for producing goods for Domestic market and Export market. Hence separate figures for capital employed are not possible to be furnished.

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30. ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details :

Registration No.	20-03444
State Code	20
Balance Sheet Date	31 st March, 2010

II. Capital raised during the year :

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Rs. in Lacs) :

Total Liabilities	5519.31	Total Assets	5519.31
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Sources of Funds

Paid up Capital	530.62
Reserves & Surplus	1270.84
Deferred Tax Liability	203.36
Secured Loans	3248.11
Unsecured Loans	266.38

Application of Funds

Net Fixed Assets	2741.69
Capital WIP	43.23
Net Current Assets	2689.87
Investment	28.62
Miscellaneous Exp. (Not Written Off)	15.90

IV. Performance of the Company :

(Rs. in lacs)

Turnover (including other Income)	10276.84
Total Expenditure	9879.74
Profit before Tax	397.09
Profit after Tax	254.01
Earning Per Share (Rs.)	4.79
Dividend Rate	10%

V. Generic Names of Three Principal products of the Company (As per monetary terms) :

Item Code No. (I.T.C. Code)	(3,92,690.09)
Product Description	Woven Fabric of Ethylene (Laminated/Coated)
Item Code No. (I.T.C. Code)	(3,92,321.00)
Product Description	Sacks & Bags of Ethylene (Laminated/Coated and/or printed)
Item Code No.(I.T.C. Code)	(3,92,329.00)
Product Description	Sacks & Bags of polypropylene (Laminated/Coated and /or Printed)
Item Code No.(I.T.C. Code)	(6,30,532.00)
Product Description	Flexible Intermediate Bulk Containers (FIBCs)

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2010

(Pursuant to Clause 32 of the Listing Agreement with the Stock Exchange)

	For the year ended 31st March, 2010 Rs. in Lacs	For the year ended 31st March, 2009 Rs. in Lacs
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and extraordinary items but after earlier year adjustments	389.32	280.70
Adjustments for :		
Depreciation	154.81	162.81
Miscellaneous Expenditure	1.44	1.45
Investments	—	—
Interest	273.63	235.73
Operating Profit before working capital changes	819.20	680.69
Adjustments for :		
Trade and Other Receivables	–37.72	–188.56
Inventories	–511.16	–181.11
Trade Payables	102.07	–79.30
Cash Generated from operations	372.39	231.72
Income Tax (excluding Deferred Tax)	–112.03	–87.89
Cash Flow before extraordinary items	260.36	143.83
Extraordinary Items		
Net Cash from Operating Activities	260.36	143.83
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	–295.31	–177.92
Capital Work-in-progress	–43.23	—
Sale of / Capital Subsidy on Fixed Assets	4.19	45.18
Acquisition of Companies	—	—
Purchase of Investments	—	—
Sale of Investments	—	—
Interest Received	7.66	3.88
Dividend Received	0.13	0.03
Net Cash used in Investing Activities	–326.56	–128.83

THIRTY NINTH ANNUAL REPORT

	For the year ended 31 st March, 2010 Rs. in Lacs	For the year ended 31 st March, 2009 Rs. in Lacs
CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of Share Capital	—	—
Proceeds from Long Term Borrowings	—	—
a) Secured (Bank / Institutions)		
For Working Capital	315.46	336.72
For Fixed Assets	20.10	—18.81
b) Unsecured	51.15	—6.35
Interest Paid	—273.63	—235.73
Dividend Paid / Proposed (including Dividend Tax)	—61.87	—37.25
Net Cash used in Financing Activities	51.21	38.58
NET INCREASE IN CASH AND CASH EQUIVALENTS	—14.99	53.58
Cash and Cash Equivalents as at 31.03.2009 (Opening Balance)	90.81	37.23
Cash and Cash Equivalents as at 31.03.2010 (Closing Balance)	75.82	90.81

As per our report of even date attached

For PANDEY & CO.
Chartered Accountants
AMIT PANDEY
Partner
Membership No. 402377
Firm Reg. No. 000357C
KANPUR
Dated : 5th June , 2010

ANKUR SRIVASTAVA
Company Secretary

For and on behalf of the Board of Directors

M. S. AGARWAL, *Executive Chairman*
MANOJ AGARWAL, *Managing Director*
P. K. GOENKA, *Director*

AUDITORS' CERTIFICATE

The Board of Directors,
Kanpur Plastipack Limited,
D-19-20, Panki Industrial Area,
KANPUR-208 022.

We have examined the attached Cash Flow Statement of Kanpur Plastipack Limited for the year ended 31st March, 2010. The statement has been prepared by the Company in accordance with the requirements of Listing Agreement Clause 32 with Stock Exchanges and is based on an agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report dated 5th June, 2010 to the Members of the Company.

Kanpur
Dated : 5th June, 2010

For PANDEY & CO.
Chartered Accountants
AMIT PANDEY
Partner
Membership No. 402377
Firm Reg. No. 000357C

KANPUR PLASTIPACK LIMITED

ATTENDANCE SLIP

Regd. Office :

D-19-20, Panki Industrial Area, Kanpur-208 022

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

(Joint Shareholders may obtain additional Attendance Slip on request)

I hereby record my presence at the 39th Annual General Meeting of the Company at 1:00 P.M. held on Tuesday, the 21st day of September, 2010

NAME OF THE SHAREHOLDER : (IN BLOCK LETTERS)	NO. OF SHARES HELD
SIGNATURE OF THE SHAREHOLDER :	Folio No.
NAME OF THE PROXY : (IN BLOCK LETTERS)	DP ID
SIGNATURE OF THE PROXY	Client ID

.....(TEAR HERE).....

FORM OF PROXY

KANPUR PLASTIPACK LIMITED

Regd. Office :

D-19-20, Panki Industrial Area, Kanpur-208 022

I/We.....
of.....being a member/members of KANPUR PLASTIPACK
LIMITED hereby
appoint.....
of.....or failing
him..... of.....as my/our proxy
to attend and vote for me/us and on my/our behalf at the 39th Annual General Meeting of the Company to be held on
Tuesday, the 21st day of September, 2010 at 1:00 P.M. and at any adjournment thereof.

Signed this.....day of.....2010

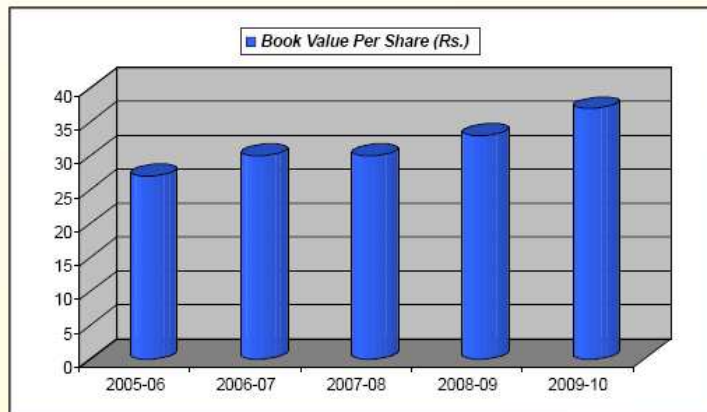
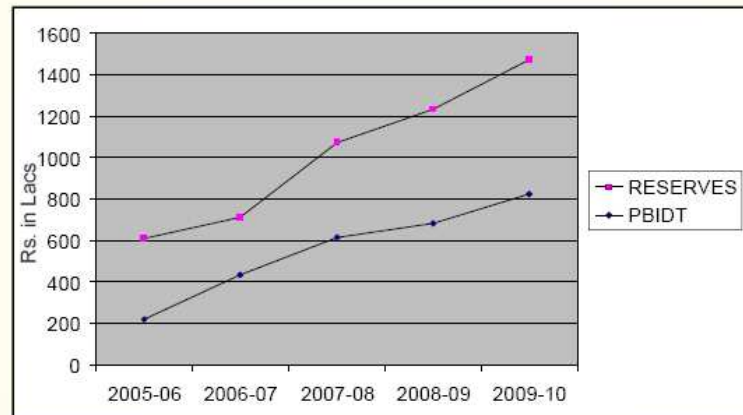
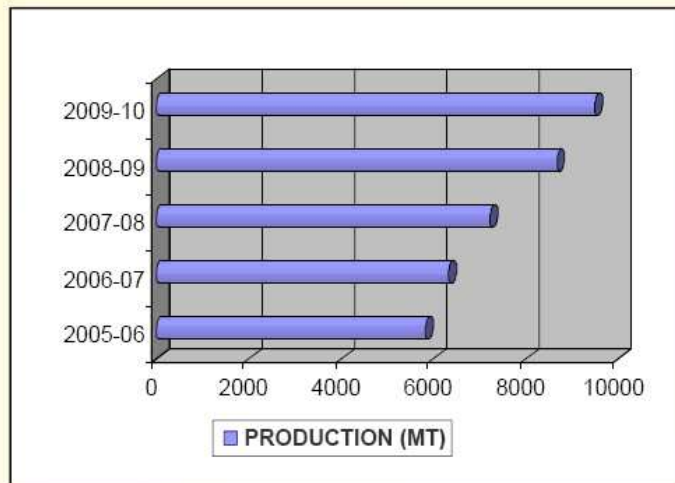
Signed by the said.....

Please
affix
Re. 1/-
Revenue
Stamp

DP ID	Folio No.
Client ID	No. of Shares held :

Note : The form of proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.

KANPUR PLASTIPACK LIMITED



BOOK - POST

If undelivered, please return to :
KANPUR PLASTIPACK LTD.
D-19-20, Panki Industrial Area,
P. O. Udyog Nagar,
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